



June 26, 2023

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General Counsel  
Federal Housing Finance Agency  
400 Seventh Street SW  
Washington, DC 20219

RE: Comments/ RIN 2590-AB29

The National Coalition for Asian Pacific American Community Development (National CAPACD) is grateful for the opportunity to comment on the Federal Housing Finance Agency's (FHFA) proposed rule on Fair Lending, Fair Housing, and Equitable Housing Finance Plans. We are pleased to see FHFA continue to address barriers to sustainable housing opportunities for underserved communities by codifying existing FHFA practices in regulation and adding new requirements related to fair lending, fair housing, and the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation's (Freddie Mac) (the Enterprises, collectively) Equitable Housing Finance Plans.

As a coalition of more than 100 member organizations, National CAPACD advances equity and creates vibrant, healthy neighborhoods by mobilizing and strengthening a powerful coalition of Asian American, Native Hawaiian, and Pacific Islander (AA & NHPI) community-based organizations working in low-income communities. Our members employ a diverse set of comprehensive community development strategies designed to embrace a community's culture and assets as well as address the needs of historically divested and marginalized communities. They are experts in the areas of affordable housing & community institutions, assistance for renters and homeowners, services for financial capability and empowerment, community organizing, workforce development, and small business sustainability and entrepreneurship.

In the aftermath of the Great Recession and housing crisis, National CAPACD established the nation's first AA & NHPI-serving U.S. Department of Housing and Urban Development (HUD) Housing Counseling Intermediary in 2010. Sixteen of our member organizations run HUD-approved housing counseling programs providing culturally and linguistically relevant counseling and education in more than 30 languages, particularly focused on low and moderate-income AA & NHPI homeowners and renters.

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The FHFA's proposed rule would ensure that the Enterprises comply with fair housing laws and serve the public interest, as well as focus on reducing the racial and ethnic homeownership gap and reducing underinvestment and property undervaluation in formerly redlined areas. National CAPACD would like to propose the following recommendations as FHFA works towards finalization of the proposed rule:

### **Increase Focus on AA & NHPI Communities in Equitable Housing Finance Plans**

The codification of the process and standards for the Equitable Housing Finance Plans is an important step to ensure that the Enterprises are living up to their obligation to serve eligible homeowners and renters across the country and ensuring that communities of color have equal access to homeownership opportunities. We are pleased to see that the recently updated Equitable Housing Finance Plans include inclusion of the Latino housing journey and actions to remove barriers experienced by Latino renters and homeowners in Fannie's Plan. However, National CAPACD would like to see an increased focus on the experiences of AA & NHPI homeownership and how the FHFA and the Enterprises are working towards addressing barriers for AAs & NHPIs.

In 2020, National CAPACD conducted a detailed review of the 2018 mortgage application data reported by the Consumer Financial Protection Bureau and showed that the lending experience of AA & NHPI mortgage applicants was anything but uniform.<sup>1</sup> For example, different sub-groups show wildly different results and pricing for the loans they received. There was a substantial variation in the share of home purchase loans to younger borrowers across different AAPI groups, with 48% of Chinese borrowers being under the age of 35. Compared with that, 18% of Japanese borrowers were over 55 in 2018. This wide variation will have an impact on pricing of the loan, since younger borrowers tend to have less cash for down payments, lower incomes, and weaker credit. National CAPACD's 2020 *Crisis to Impact* report also found best practices developed by National CAPACD staff and member organizations of its housing counseling network over the past decade, analyzing

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<sup>1</sup> <https://www.nationalcapacd.org/data-research/mortgage-lending-in-the-asian-american-and-pacific-islander-community/>

housing and demographic data prior to the COVID-19 pandemic.<sup>2</sup> The report indicated that AAs & NHPIs suffer from severe cost-burdens in housing and that low-to-moderate income AAs & NHPIs are far less likely to own a home compared to Whites of the same income group. Additionally, AAs & NHPIs have lower homeownership rates than Whites, with the greatest disparity occurring between Native Hawaiians and other Pacific Islanders, and Whites.

National CAPACD was pleased to hear in FHFA Director Sandra Thompson's recent testimony to the House Financial Services Committee of the expectation that the Enterprises will focus on other underrepresented communities such as Asian American and Pacific Islander communities.<sup>3</sup> FHFA's recent release, "Asian Americans, Native Hawaiians, and Pacific Islanders: Visible Together," also recognized that data disaggregation and preferred language designations are crucial tools for providing insight on the unique barriers and challenges for AAs & NHPIs, which National CAPACD will go into further detail below.

### **Considerations for Preferred Language**

National CAPACD continues to advocate for ways to increase access for limited English-proficient (LEP) homebuyers because the current infrastructure for LEP homebuyers and homeowners provided by lenders and servicers often fails to adequately meet their needs. National CAPACD led the advocacy efforts for FHFA's decision to include preferred language on the Uniform Residential Loan Application (URLA), allowing applicants to self-identify in the following preferred languages: English, Chinese, Korean, Spanish, Tagalog, Vietnamese, and "Other."<sup>4</sup> We are very pleased to see in this proposal that FHFA has proposed to codify this practice, including preferred language in the Supplemental Consumer Information Form (SCIF). National CAPACD also helped advocate for in-language language preference indicators on the SCIF with national advocates, and thanks FHFA staff for this important addition. All of these updates will increase language access in the mortgage market as collection of data language preference prevents discrimination against LEP borrowers and makes homeownership more accessible for AA & NHPI communities.

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<sup>2</sup> [https://www.nationalcapacd.org/wp-content/uploads/2021/03/NationalCAPACD\\_HousingCounselingReport\\_final\\_031221.pdf](https://www.nationalcapacd.org/wp-content/uploads/2021/03/NationalCAPACD_HousingCounselingReport_final_031221.pdf)

<sup>3</sup> [https://www.fhfa.gov/Media/PublicAffairs/Pages/Written-Testimony-of-Director-Thompson-Before-the-HFS-Committee\\_5232023.aspx](https://www.fhfa.gov/Media/PublicAffairs/Pages/Written-Testimony-of-Director-Thompson-Before-the-HFS-Committee_5232023.aspx)

<sup>4</sup> <https://www.nationalcapacd.org/newsroom/national-capacd-applauds-fhfa-for-adding-language-preference-to-universal-residential-mortgage-applications/>

LEP homebuyers often fail to fully understand critical terms of their mortgage, such as whether the interest rate is fixed or adjustable. Likewise, in the mortgage servicing process, LEP homeowners are often unable to orally communicate with their servicer in their preferred language, and servicers refuse to send or receive documents in non-English languages. This is especially problematic because it can lead to LEP homeowners missing out on opportunities such as loan modification offers because they are unable to understand communications from mortgage servicers.

We would like the FHFA and the Enterprises to form stronger partnerships with non-profit organizations that provide LEP assistance and support outreach to LEP borrowers. FHFA should also provide funding to have curriculum translated in-language. This could significantly ease the burden on in-language housing counselors, create greater efficiency, and allow organizations to serve more clients. Small non-profit organizations, like many of our members, do not have the capacity to perform all translation services and are unable to review all loan documents with clients.

National CAPACD is also part of the Americans for Financial Reform (AFR)'s Language Access Task Force, a coalition of national advocacy organizations dedicated to increasing language access for LEP households. We are highly supportive of the recommendations outlined in the comment letter submitted by the Task Force in response to this opportunity to comment. LEP borrowers are an important and growing segment of the consumer marketplace, and FHFA should establish rules and procedures to make mortgage lending and servicing more equitable and accessible to them.

### **Include Disaggregated Data Collection Wherever Possible**

Data disaggregation is a key component to better understanding the barriers and possible solutions to not only language access but the overall housing needs of the AA & NHPI community. The proposed rule would require the Enterprises to collect, maintain, and report data on language preference, homeownership education, and housing counseling for applicants and borrowers. We hope that FHFA continues to prioritize data collection in every step possible.

AAs & NHPIs are extremely diverse, with more than 50 ethnic groups. Within the AA & NHPI community, there exists extreme income inequality and therefore extremely different housing trends between ethnic groups as also indicated above. For example, the top 10% of AA & NHPIs make 10.7 times more than the bottom

10%.<sup>5</sup> As a result, looking at disaggregated data by racial sub-groups and income is critical to better understanding this population and its unique position in the mortgage landscape in the United States.<sup>6</sup> Additionally, data disaggregation is a key component to better understanding the barriers and possible solutions to language access. For instance, with 40% of Asians and 15% of Native Hawaiians and Pacific Islanders speaking English “less than very well,” data disaggregation will better allow FHFA to protect LEP AA & NHPI borrowers that are more vulnerable to predatory lending and abusive or deceptive servicing practices.

Thank you very much for the opportunity to provide input on how we can better address barriers to housing within AA & NHPI communities. We hope that this feedback will help the FHFA and its regulated entities continue its mission to promote access to affordable and sustainable housing, including for first-time homebuyers and underserved communities. If you have any questions, please contact Anju Chopra, Director of Policy at [anju@national.capacd.org](mailto:anju@national.capacd.org).

Sincerely,



Seema Agnani  
Executive Director

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<sup>5</sup> <https://www.pewresearch.org/social-trends/2018/07/12/income-inequality-in-the-u-s-is-rising-most-rapidly-among-asians/>

<sup>6</sup> <https://www.nationalcapacd.org/data-research/mortgage-lending-in-the-asian-american-and-pacific-islander-community/>